



NC COMMUNITY DEVELOPMENT
INITIATIVE

Strategic Investments. Sustainable Growth.

Presentation to the Natural and Economic Resources Subcommittee

Fiscal Research Division

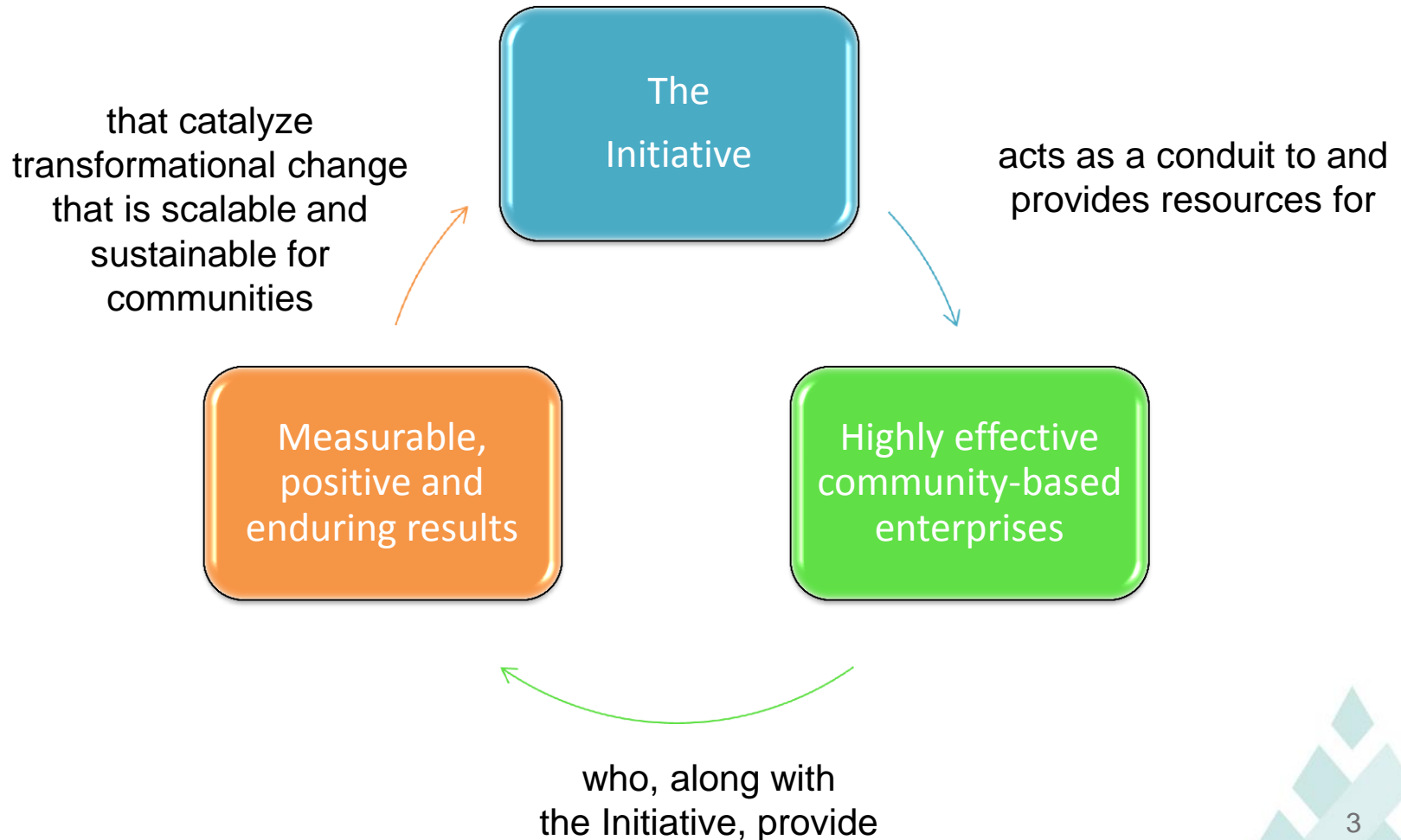
February 21, 2013

Mission

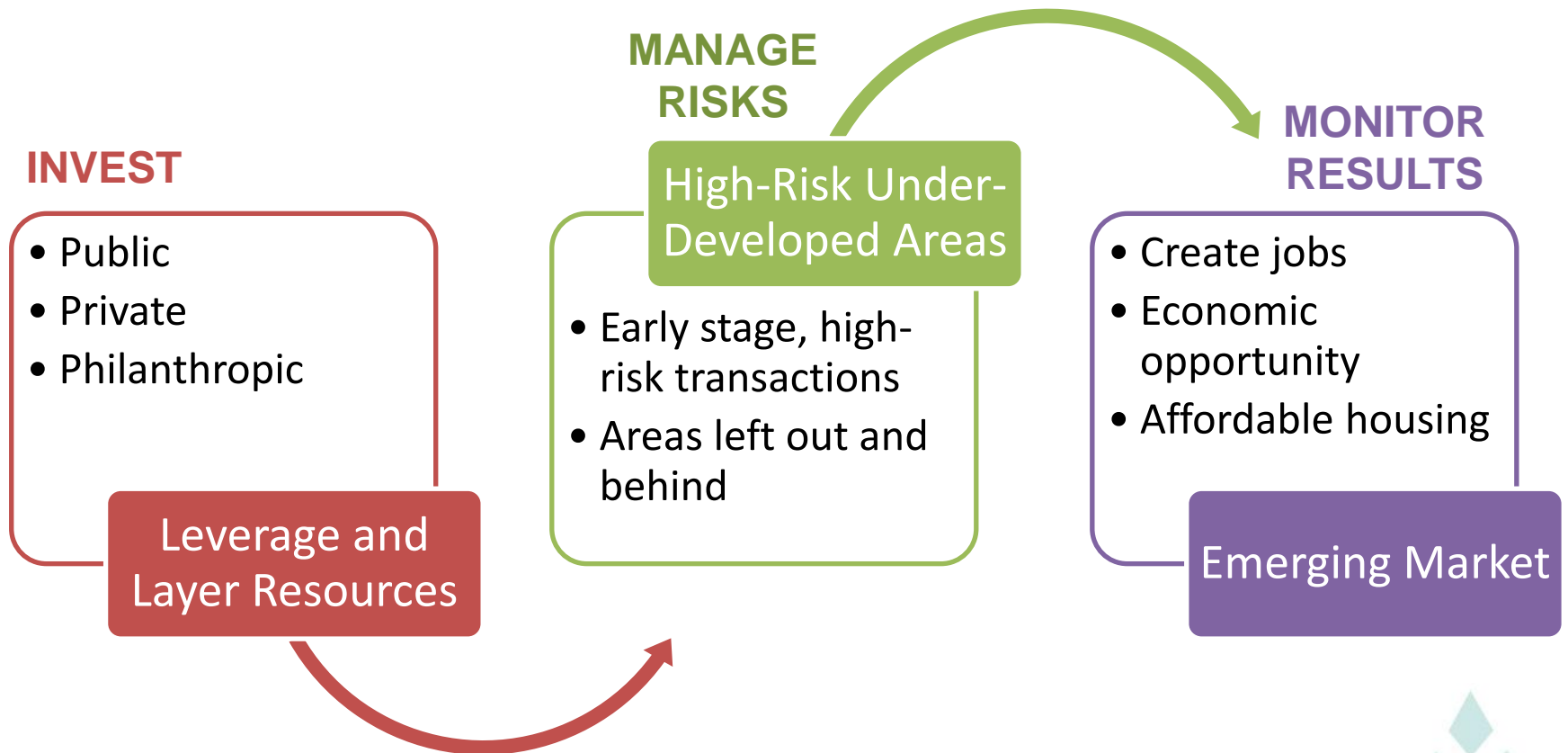
The N.C. Community Development Initiative (“The Initiative”) is a statewide targeted investment strategy that creates an efficient means for government, financial institutions and foundations to invest in economic recovery in distressed communities throughout North Carolina.



How We Operate – Value Proposition



Our Unique Model



Programs



Financial Investments

Making strategic investments through:

- Working capital investment programs designed to build organizational capacity and project completion
- Loan programs designed to facilitate economic development projects



Innovation

Identifying new and sustainable strategies by:

- Testing, documenting and disseminating information about model tools, practices and programs
- Sponsoring demonstration projects and evaluations



Leadership Development

Connecting and training leaders by:

- Providing developmental resources, networking opportunities and technical assistance
- Training the next generation of sector leaders

Performance Indicators

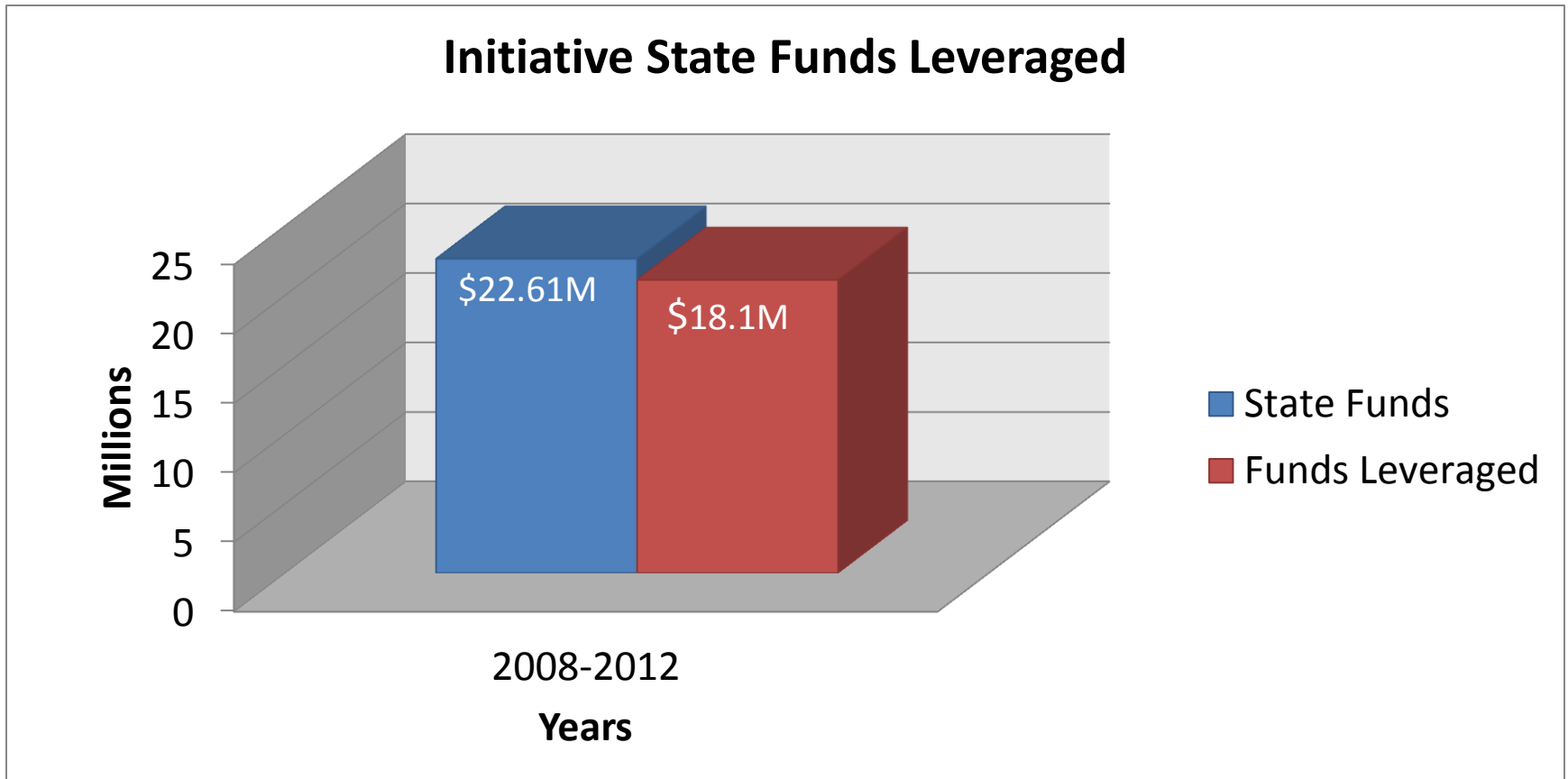
LEVERAGE

- The Initiative (2008-2012)
 - \$20.2 million in investments
 - 218 different investments in CBEs/CDCs and other community-based organizations

- Affiliated CDFI, Initiative Capital (2008-2012)
 - \$8,500,000 in investments
 - 92 units of affordable housing, five retail developments, six land developments



Leverage

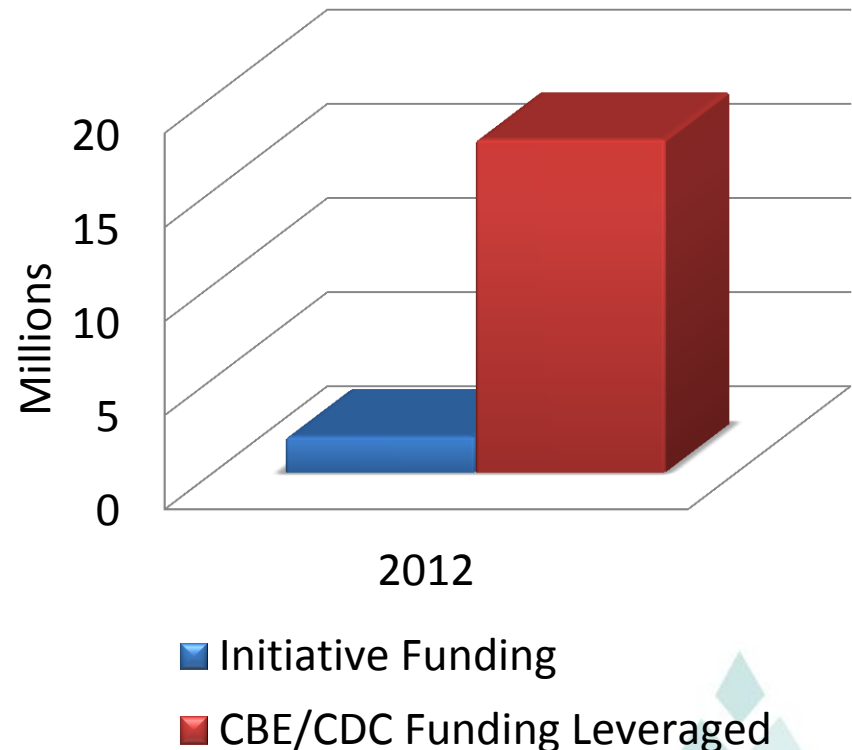


In the last five years, the Initiative has leveraged \$22,615,843 of state funding into an additional \$18,051,843. This is a total investment of **\$40,667,676** into community economic development work across the state of North Carolina.

2012 Impact and Leverage

- Initiative invested a total of \$2.8 million in working capital and other investments
- \$1.9 million was through primary investment program *Community Enterprise Fund*
- CEF Investee-partners leveraged \$17.7 million
 - Funding leverage for CBEs/CDCs was **over 9 times**

Investee-Partners Leverage

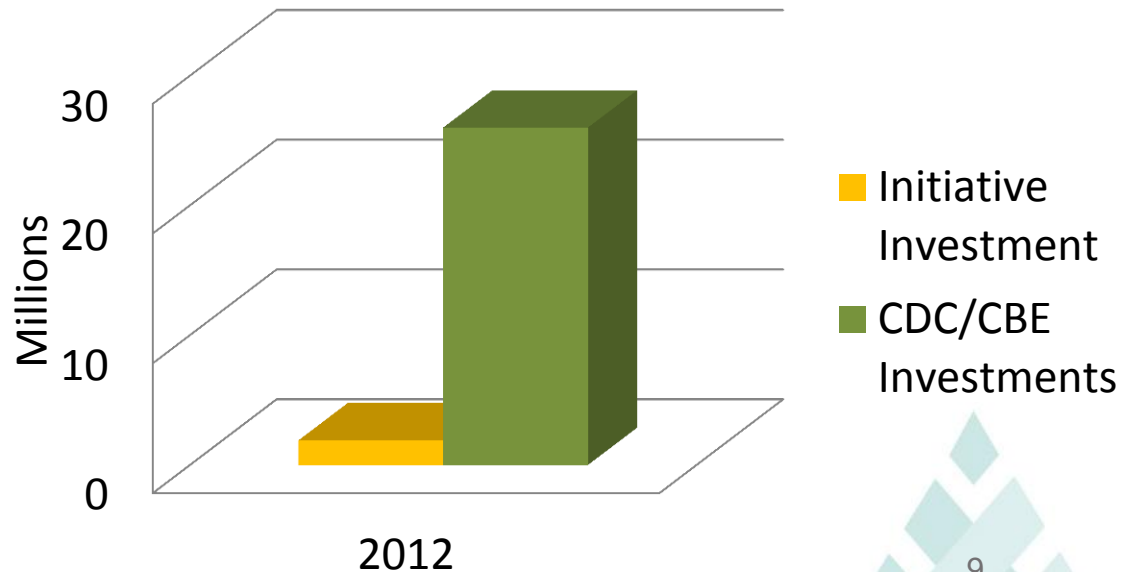


2012 Impact and Leverage - continued

- Investee-partners invested \$26 million in new construction and rehab projects in 2012
 - Initiative investment was leveraged **over 13 times** toward the work on the ground



CBE/CDC Work on the Ground



2012 Impact and Leverage - continued

- The Initiative's investee-partners facilitated **1,400** jobs through:
 - job training programs
 - small business assistance
 - ownership of social enterprises
- Job numbers do not include employment in CBEs/CDCs themselves, which is more than **200** jobs
- Our funded CBEs/CDCs served **17,000** clients



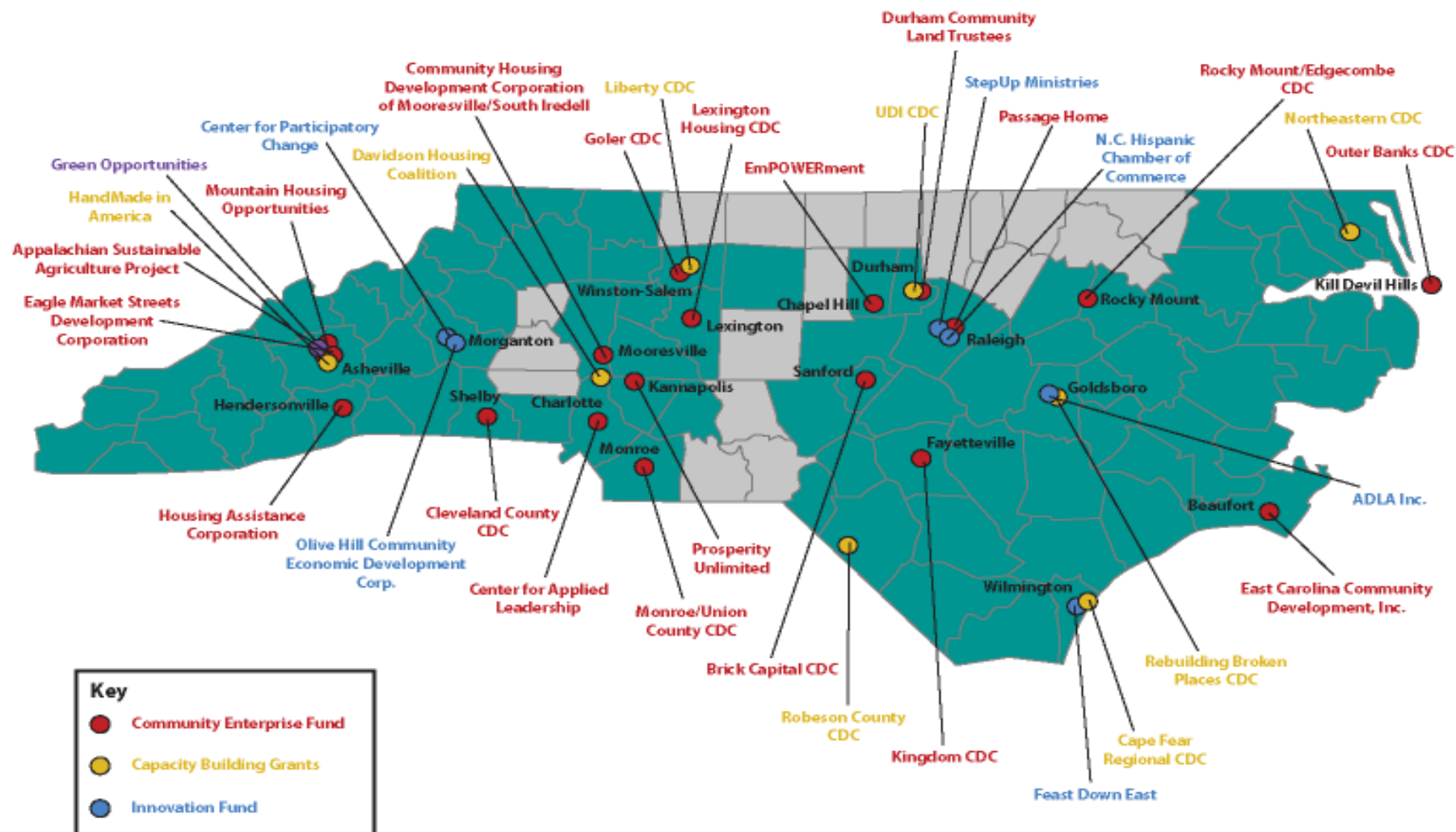
Key Performance Indicators

Measures	2008-2010	2011	2012
Fixed Asset Value of Projects	\$173,830,851	\$98,506,379	\$149,217,030
# of Jobs Created	1875	861	1396
Val. of Single Fam. Homes	\$23,304,293	\$3,961,734	\$4,146,177
Val. Of Multi-Fam. Projects	\$95,102,962	\$19,489,820	\$23,862,869
# of Single Fam. Units*	1,418	53	59
# of Multi-Fam. Units*	580	181	193
Value of Comm. Real Est. Projects	\$6,554,742	\$3,378,166	\$1,125,108
Comm. Real Estate (sq. ft.)	201,648	11,400	114,458
Land Acquired for Future Dev.	126.16	46.00	4.17
Purchase Price of Land Acquired	\$11,153,330	\$2,121,500	2,479,000
Small Businesses Counseled	2,408	1,074	2,525
Youth/Adults Trained	2,479	581	1,531
Counseling Services**(# people)	3,994	3,609	5,608
New Real Estate Taxes Generated	\$945,540	*	*

*Calculated every two years; not yet calculated for 2011, 2012



2013 Investments



Similar Organizations

■ High Demand

- There is so much need for community economic development services that partnerships are needed to address it
- No one organization is equipped to meet all of the capital access needs for any given project

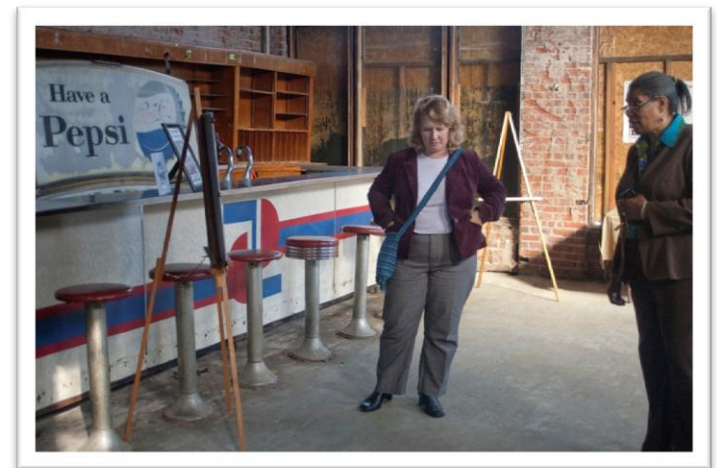
■ Organizational Leverage and Complement Example

- Both the Initiative and the Rural Center invest in community development corporations (CDCs)
 - The Initiative focuses its investments on mature, high-performing CBEs/CDCs
 - The Rural Center invests in new and emerging CDCs in rural census tracts

Budgetary Impact

State funding reductions have limited our ability to provide resources to invest more heavily in North Carolina. To mitigate the impact of reductions in funding, the organization implemented reductions to the following expenses:

- Salaries
- Benefits
- Contracted labor
- Travel
- Staff training
- Marketing and meeting expenses
- Hiring freeze for vacant positions
- Investments in partner CBEs/CDCs



Budgetary Impact - continued

- Organization has been able to generate revenue from other funding sources
 - Amounts have decreased
 - Amounts are limited due to increased competition for same dollars

- If the NER subcommittee mandates all non-state entities become self-supporting, the impact would:
 - Threaten the economic growth and development of low-wealth communities across the state of North Carolina.
 - Threaten the existence of the organization

Budgetary Impact - continued

- Core element of North Carolina's economic growth and health
- Our strategic plan includes methods and strategies of becoming more entrepreneurial and ways to create scalable projects that will be sustainable and generate ongoing revenue
- This will take several years and the organization (like many nonprofits) will continue to need subsidies to catalyze public and private investments in high-risk areas



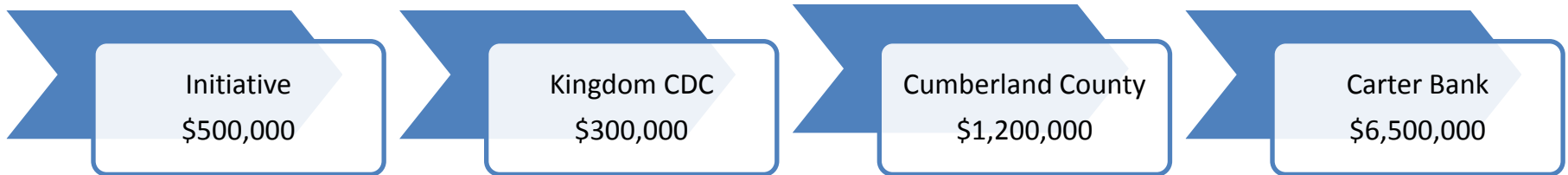
Budgetary Impact - continued

- Implementing a policy of funding specific initiatives with reimbursement tied to achieving specific goals would not work for the organization's business model

- This would provide a hardship to organization
 - Would require the organization to maintain significant cash on hand to pay expenses in advance
 - Program goals are multi-year
 - Cash flow is not sufficient enough to cover costs for the length of time it would take to achieve the goals

Project Example – Spring Lake, NC

- Kingdom CDC is developing a Candlewood Suites hotel (108 rooms) and International House of Pancakes (IHOP) restaurant (180 seats, 56 jobs)
- The Initiative's initial \$500,000 investment brought other investors to the table – total project investment = \$8.5M



Annual Projected Real Estate Tax:

2013 - \$150,350
2014 - \$153,260
2015 - \$156,170
2016 - \$159,080

